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Pooling and Sharing in the EU and NATO

European Defence Needs Political Commitment rather than Technocratic Solutions

Christian Mölling

At NATO Summit and EU Councils alike states praise pooling and sharing (P&S) as a kind of technocratic miracle cure for their impending inability to act militarily. That states will benefit economically from pooling their military capabilities sounds plausible. However, it remains unclear how the curtailment of sovereignty that such pooling necessarily involves should be accomplished. Consequently, the initiatives launched to date have not been particularly successful. Moreover, P&S does not replace either the investments needed to procure lacking military capabilities or the political framework that defines how such capabilities should be deployed. Rather than constantly looking out for new individual projects, states must resolve these tricky questions. At present, Europe is running the risk of talking to death another sensible option for maintaining its defence capability.

Europe is losing the ability to undertake military action beyond its own borders. The US announced that it is going to reduce its support for the Europeans within NATO. Furthermore, the chronically underdeveloped military capabilities are at risk of dwindling even further. Defence apparatuses are shrinking rapidly as a result of the financial crisis (cf. *SWP-Comment 38/11*). EU capitals are currently presenting P&S as the silver-bullet solution to this defence crisis.

What Is Pooling and Sharing?

The term P&S describes various forms of defence cooperation.

Sharing: One or more countries provide their partners with capability or equipment

(such as airlift) or undertake a task for another country. If this occurs on a permanent basis, the partners can cut this capability – and save on costs. For example, Germany provides maritime surveillance for the North Sea, thus relieving the Netherlands of this task. NATO states take turns to police the Baltic airspace so that the Baltic countries can save the cost of having their own air forces.

Pooling: Here too, national capabilities are provided to other countries. A special multinational structure is set up to pool these contributions and coordinate their deployment. The European Air Transport Command is one such example.

Pooling can occur in the development, procurement or subsequent operation of

shared equipment. This enables countries to either obtain a higher number of units or to co-acquire a capability that a state could not supply alone for cost reasons. Examples of joint procurement and operation include AWACS aircraft and NATO's command structures.

P&S: Defence Cooperation “Reloaded”

In the Council conclusions on military capability development of December 2010, the EU states declared that P&S was a solution with which they planned to save money and increase the military efficiency of their resources. NATO is pursuing similar aims with its Smart Defence initiative, officialised at the Alliance's recent summit in Chicago in May 2012.

But so far, P&S has only been a new catchphrase for the defence cooperation that EU and NATO states have been practising for decades. Around 100 projects currently exist. Some 20 percent involve bilateral cooperation; 60 percent involve five or fewer partners.

The ambiguous performance results from the fact that states have different ideas about which equipment and services can be subject to P&S. However, saving money has rarely been a motivation. The aim was to co-use equipment (such as tanks) or to fill a specific capability gap (such as air transport) that could only be accomplished in cooperation with other states.

For P&S to be successful, additional factors are needed, including a similar strategy culture, regional proximity, similarly sized countries and armed forces, the same understanding of the cooperation objectives, trust and solidarity among the partners and equal competitive conditions for the defence industries.

New Activism, Modest Results

Bilateral and multilateral P&S initiatives are experiencing a renaissance among the EU states since 2010. The most important initiatives are the Franco-British Defence

Treaties, the cooperation between the Visegrád states (the Visegrád Four), the Weimar Triangle (Germany, France and Poland) and the Ghent Initiative. Only this last initiative, in which all EU states are involved, is really new.

So far, these initiatives have been disparate, with the aims and number of participants varying widely. Apart from some positive developments such as air-to-air refuelling, the results have not been satisfactory or adequate to meet the scale of the challenges involved.

Moreover, these activities often do not serve the goal of maintaining joint European military capability, but rather seek to achieve national targets. As a result, the debate is limited to a few military capabilities.

Some initiatives even duplicate or block each other. For example, the Franco-British Defence Treaty duplicates a mine-clearing project by the European Defence Agency (EDA). In order not to endanger this pact, Paris has abandoned the project to set up an EU headquarter, while Italy responded to the deal by signing a bilateral treaty with Germany so as not to fall behind in the unmanned aerial vehicle (UAV) industry.

Neglected Aspects

Three topics are consistently ignored: role specialisation, the arms industry and additional investments.

Role specialisation takes place if a state gives up certain capabilities and concentrates only on a few others. Many European states refuse to do so as they are afraid of mutual dependence. Nevertheless, such role specialisation is already taking place – but it is involuntary, uncoordinated and has major consequences for the capability of all partners. When the Dutch military decommissioned its battle tanks in 2011 following spending cutbacks, the Netherlands was not the only country to specialise. By default, Germany and France became role specialists, as they are the only countries in the region to have significant battle tank arsenals.

In the medium term, P&S can help to dismantle superfluous and costly industrial structures when identical material is procured. However, this process must be steered in order to avoid a specialisation by default that has already occurred with capabilities and to ensure that vital and rare industrial skills are not lost.

While P&S can halt the deterioration of existing capabilities, countries can only share what they have. Gaps that are found all over Europe, for example in reconnaissance, can only be filled by extra investments. NATO's operations in Libya in 2011 showed just how large these gaps are.

Sovereignty or Effectiveness?

The crucial difference between the defence cooperation as practised by states so far and the current trend towards P&S is that the main purpose of the latter is to save money. At the same time, states are blocking a higher level of economic efficiency and military effectiveness by clinging to their desire to decide unilaterally on the interests of their armed forces.

Where there is greater cooperation, all partners fear three "multilateralism traps": being left alone in an operation because a partner withdraws its troops; not being able to engage in an operation, as a partner with important capabilities is not participating; and giving others, who do not make any contributions of their own to security, the opportunity to act as free rider.

But to a certain extent these fears are mere pretexts. The EU and NATO have been faced with these "traps" for twenty years and have managed to work around them: the Balkans, Afghanistan and Libya – no state could have coped with these operations alone. The cooperation works despite national reservations about operations and the lack of common strategic ground that are so often cited.

Towards a Comprehensive P&S Approach

P&S is not a panacea. However, it is a necessary pillar to save future European defence. Accompanying measures are needed to shape current role specialisations and additional investments in the acquisition of the required capabilities in a way that allows states to maintain Europe's defence capability.

P&S can only help to provide solutions if states are willing to rethink the precedence of political sovereignty over military effectiveness and economic efficiency. In concrete terms, this means that they must ask three questions as regards future P&S projects. First, under what conditions do they trust a cooperation partner and to what extent can they curtail their wish to make unilateral decisions in the interests of the defence needs of others? Second, is the cooperation effective in military terms? And third, does it enable for savings?

In addition, states must establish a joint framework for the counterproductively wide range of current cooperation projects in order to focus on the political, military and economic value added of P&S initiatives. This should include the following measures:

Set up a permanent European Council on defence affairs. Europe needs to decide about the shape of its future defence capabilities and about the industrial basis that builds and backs this capability. As it is likely that Europeans will cooperate more often on multilateral military activities in the next 20 years, the current national reforms, plans and P&S projects should primarily safeguard joint operations. Hence, the aim should be to have efficient European armed forces rather than to give preference to national plans, as has been the case so far.

These priorities can only be set by heads of state and government in a resolution that commits their defence, foreign and finance ministers to concrete aims. The success achieved should be checked every year.

Draw up a joint capability chart as the basis for role specialisation and cooperation. A European capability chart could be drawn up on the basis of the priorities set by the heads of state. This chart will provide information about how capabilities can be sensibly built up or scaled down. Along with preventive consultation, the chart could enable Europe to avoid further drastic cutbacks.

Overcome distrust. There are two ways of dealing with a lack of trust: states could either sign legally binding agreements on the provision of capabilities, as is the case in the Franco-British Defence Treaty. Moreover, they could compensate for the possibility of a partner's non-participation with redundancy in their military capabilities. For example, the decision of a state to withdraw its airplanes from a mission must not lead to a collapse in European air transport capability. Partners that withdraw from an operation could undertake to use their aircraft to carry out routine duties in compensation, thus relieving those who want to deploy their aeroplanes in the operation of such tasks.

Use price tags. Anyone wanting to save money first needs to know how much he is spending. For the most part, it is not possible to prove the savings that have been attributed to P&S. It is also difficult to provide figures for the costs of non-cooperation. Every task undertaken in or by Europe's armed forces therefore needs to have a price tag. It is not easy to calculate prices – then again, it is not impossible. NATO has already presented a list of savings made through P&S projects.

Exploit industrial savings potential. Rapid success has been the main aim of P&S projects so far – the idea is to create a positive attitude towards P&S. However, genuine savings result from long-term commitment and solidarity. In order to achieve this, states need to reach mutual agreement on the development of their capabilities and on the arms process. This should range from research and development activities, which have been severely

reduced, to the joint procurement of identical equipment. This will also make it possible to tap into the large savings potential found in the national capacities of Europe's defence industries.

Conversely, the strengths and specialisations of the individual national manufacturers and suppliers provide impetus for a future industrial division of labour in Europe.

Set up joint (re)investment pools as an incentive for cooperative saving.

EU finance and defence ministers should set up a joint investment pool funded by defence savings. It would serve as an incentive for states to find Europe-wide solutions to joint capability gaps. This pool should be available to states for joint projects if they contribute equal amounts of their own budgets and the projects lead to savings. Compared with individual acquisitions, EU defence ministers would then have twice as much funding available. However, this would mean that they need to agree on joint acquisitions. The savings from these projects should be returned to the pool. The states would benefit from the resulting greater operational efficiency and interoperability.

This more efficient use of defence budgets over the long term could serve as an argument to persuade finance ministers to allocate the necessary resources.

The starting capital should be provided as an interest-free loan by the countries that will benefit the most politically, militarily and industrially from this investment pool: Germany, France and Great Britain.

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